

OCD-HOBBS

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

Received
Hobbs
OCD

5. Lease Serial No.
EC-031741-A
6. If Indian, Allottee or Tribe Name

If Unit or CA Agreement, Name and No.

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

APACHE CORPORATION (LANA WILLIAMS 918-491-4980) <873>

3a. Address TWO WARREN PLACE SUITE 1500
6120 SOUTH YALE, TULSA, OKLAHOMA 74136-4224 (PH-918-491-4980)

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 330' FNL & 2310' FWL SECTION 8 T21S-R37E LEA CO. NM

At proposed prod. zone SAME

8. Lease Name and Well No. <24426>
HAWK "A" # 25

9. API Well No.
30-025-38441

10. Field and Pool, or Exploratory
PENROSE SKELLY-GRAYBURG

11. Sec., T. R. M. or Blk. and Survey or Area
SECTION 8 T21S-R37E

14. Distance in miles and direction from nearest town or post office*

Approximately 4 miles Northwest of Eunice, New Mexico

12. County or Parish
LEA CO.

13. State
NEW MEXICO

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 330'

16. No. of acres in lease
560 acres

17. Spacing Unit dedicated to this well
40 acres

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 660'

19. Proposed Depth
4225'

20. BLM/BIA Bond No. on file
BLM-CO-1463 NATION WIDE

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3520' GL.

22. Approximate date work will start*
WHEN APPROVED

23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature *Joe T. Janica* Name (Printed Typed) Joe T. Janica Date 06/04/07
Title Agent

Approved by (Signature) */s/ Don Peterson* Name (Printed Typed) DON 15 2007
Title FIELD MANAGER Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

CAPTAIN CONTROLLED WATER BASIN

dm

State of New Mexico

DISTRICT I
1625 N. FRANKLIN DR., BOHLEN, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ALBUQUERQUE, NM 88210

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 38-025-38441	Pool Code 50350	Pool Name PENROSE SKELLY-GRAYBURG
Property Code 24426	Property Name HAWK A	Well Number 25
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3520'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	8	21-S	37-E		330	NORTH	2310	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Lara Williams</i> 4/10/07 Signature Date Lara Williams Printed Name
GEODETIC COORDINATES NAD 27 NME Y=547400.2' N X=853814.9' E LAT.=32.499679° N LONG.=103.185741° W	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. MARCH 19, 2007 Date Surveyed AR Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 3/27/07 07.11.0326 Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239

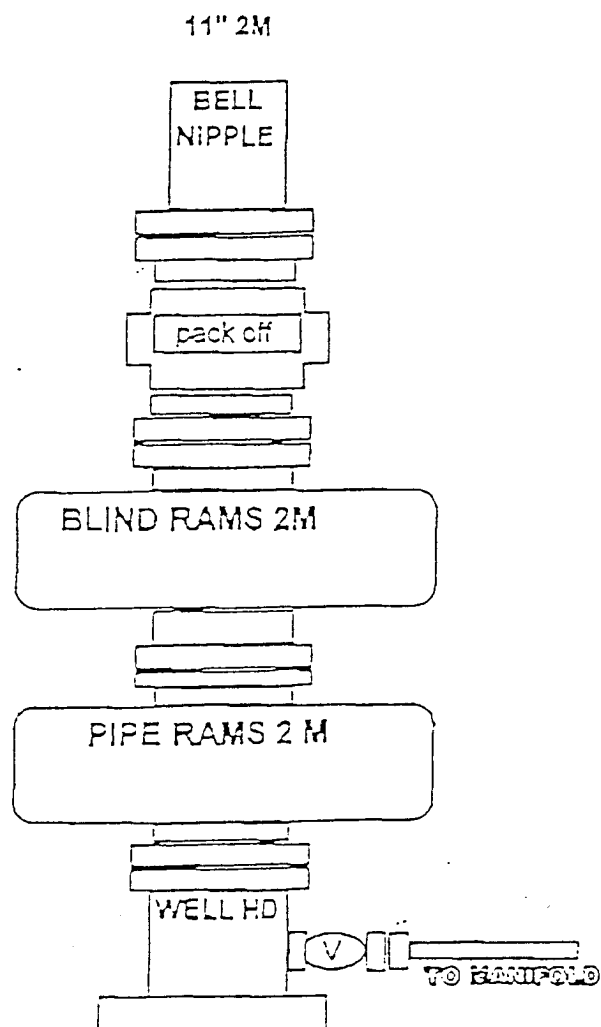


EXHIBIT "G"
 SKETCH OF B.O.P. TO BE USED ON

APACHE CORPORATION
 HAWK "A" # 25
 UNIT "C" SECTION 8
 T21S-R37E LEA CO. NM

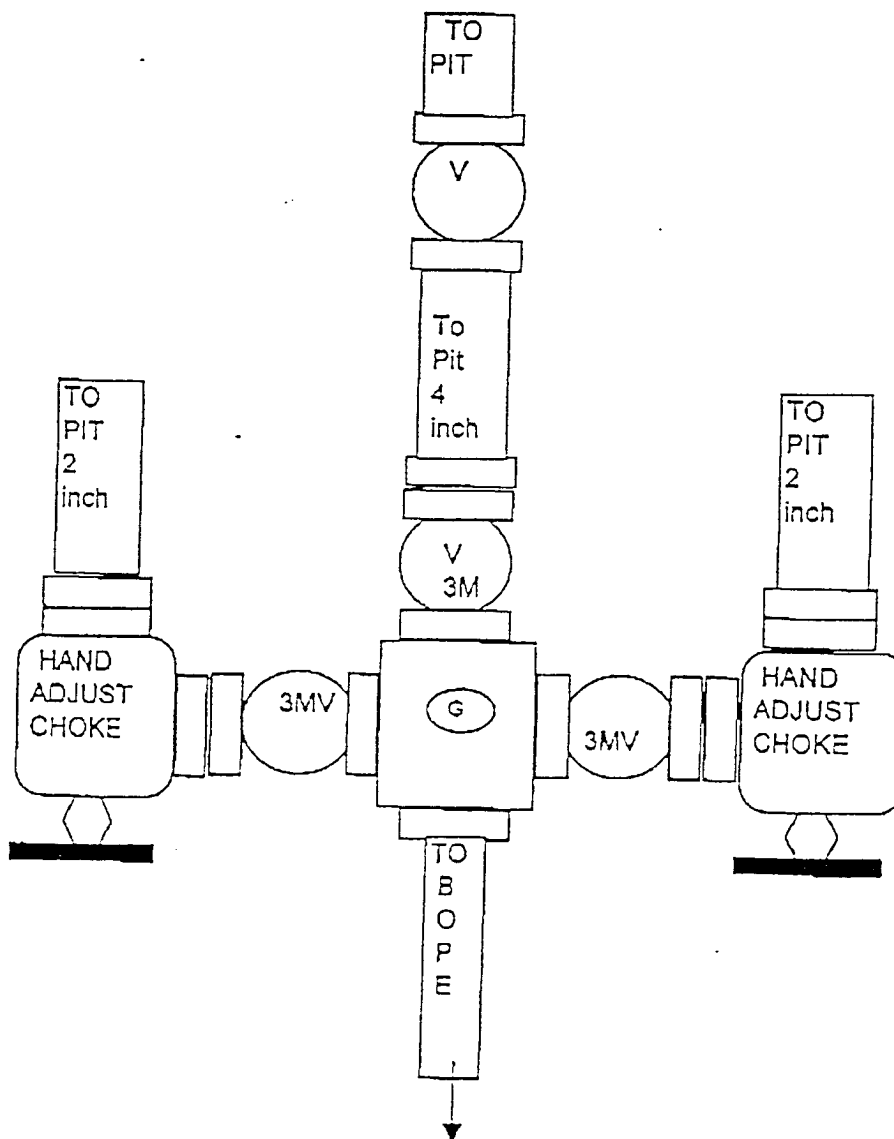
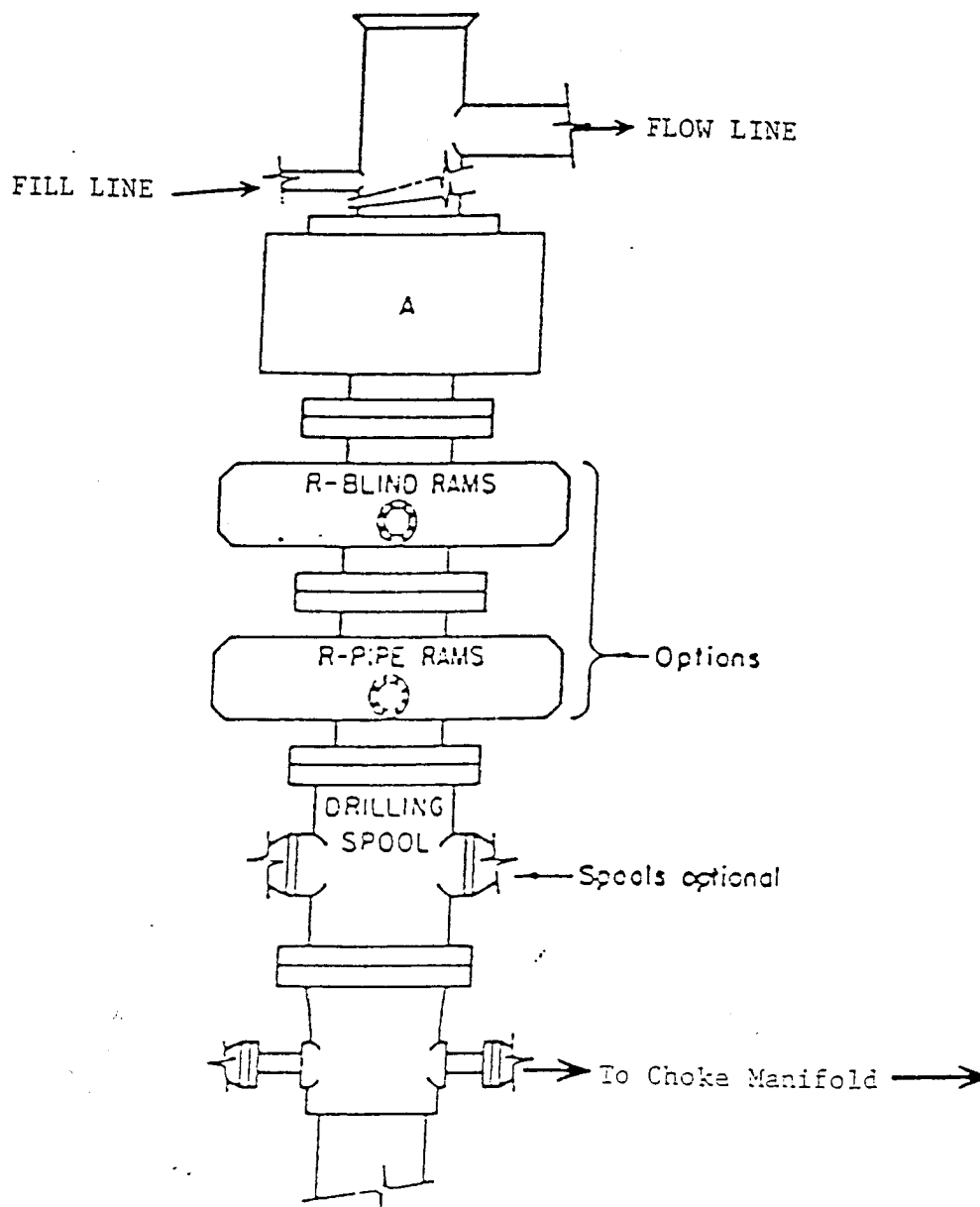


EXHIBIT "H"
CHOKE MANIFOLD & CLOSING UNIT

APACHE CORPORATION
HAWK "A" # 25
UNIT "C" SECTION 8
T21S-R37E LEA CO. MM

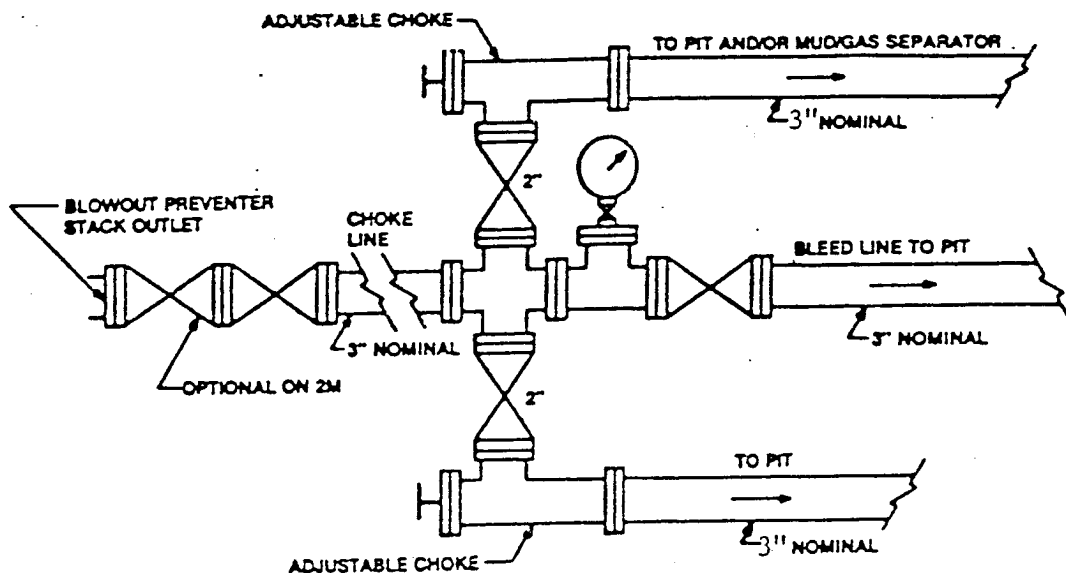


ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "I"
SKETCH OF B.O.P. THAT
MAYBE USED ON

APACHE CORPORATION
HAWK "A" # 25
UNIT "C" SECTION 8
T21S-R37E LEA CO. NM



Typical choke manifold assembly for 3M WP system

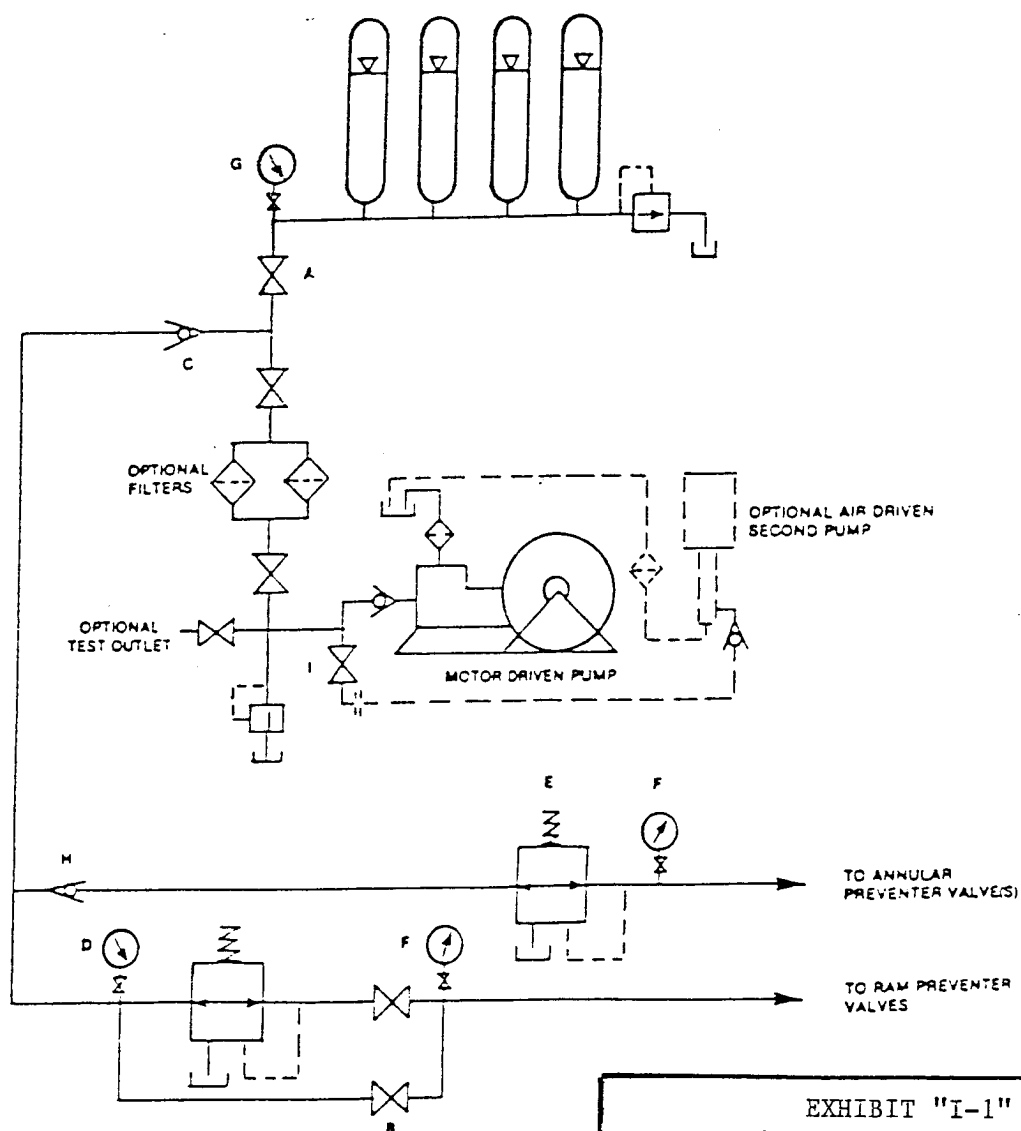


EXHIBIT "I-1"
CHOKE MANIFOLD THAT
MAYBE USED ON

APACHE CORPORATION
HAWK "A" # 25
UNIT "C" SECTION 8
T21S-R37E LEA CO. NM

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well control equipment
 - A. See exhibit "E"
6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.
9. If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if necessary.

EXHIBIT "B"
Hawk B-1 # 58

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

No H₂S is anticipated.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Apache Corporation
Well Name & No. 25 – Hawk “A”
Location: 0330’ FNL, 2310’ FWL, Sec. 8, T-21-S, R-37-E, Lea County, NM
Lease: LC-031741-A

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I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612
- B. Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. It has been reported in Sections 3 and 10 measuring 200-500 ppm in gas streams and 400-130,000 in STVs.
- C. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

II. CASING:

A. The 13-3/8 inch surface casing shall be set a minimum of 25 feet into the Rustler Anhydrite at approximately 1345 feet and cemented to the surface. Additional cement will be required for additional casing. Fresh water mud to be used to setting depth of surface casing.

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1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
2. Wait on cement (WOC) time for a primary cement job will be a minimum of 18 hours for a water basin, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
4. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Glorieta formation.

- B. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend a minimum of 200’ inside the surface casing.

- C. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) PSI. As requested in APD, a 2M BOP/BOPE system can be used if available.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
1. The tests shall be done by an independent service company.
 2. The results of the test shall be reported to the appropriate BLM office.
 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53 Sec. 17. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

Engineer on call phone (after hours): 505-706-2779

WWI 061307

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: <u>APACHE CORPORATION</u> Telephone: <u>918-491-4980</u> e-mail address: _____		
Address: <u>6120 SOUTH YALE SUITE 1500 TULSA, OKLAHOMA 74136-4224</u>		
Facility or well name: <u>HAWK "A" # 25</u> API # <u>30-025-3844</u> U/L or Qtr/Qtr <u>C</u> Sec <u>8</u> T <u>21S</u> R <u>37E</u>		
County: <u>LEA</u> Latitude <u>32.499679</u> Longitude <u>103.185741</u> NAD: 1927 <input checked="" type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input checked="" type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type: Drilling <input type="checkbox"/> Production <input checked="" type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume <u>15M</u> bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>75'+</u>	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points) <u>10</u>
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) <u>0</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) <u>0</u>
Ranking Score (Total Points)		<u>10</u>

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface: _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative NMOCD-approved plan ☐.

Date: 06/12/07

Printed Name/Title Joe T. Janica Agent

Signature Joe T. Janica

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: 6/20/07 CHRIS WILLIAMS/DIST. SUPERV.

Printed Name/Title Joe T. Janica Agent

Signature Chris Williams

